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建業地產股份有限公司*

Central China Real Estate Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0832)

**MAJOR TRANSACTION
ARRANGEMENTS ON DISPOSAL OF
EQUITY INTERESTS AND DEBTS**

A letter from the Board is set out on pages 5 to 14 of this circular.

Capitalised terms used on this cover page should have the same meanings as those defined in the section headed "Definitions" in this circular.

8 July 2019

* For identification purposes only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Arrangements on Disposal of Equity Interests and Debts”	the arrangements among Henan Longyu, Project Company, Central China Construction Materials and Bridge Trust in relation to, among other things, the Equity Disposal and Debts Disposal under the Equity Transfer Agreement, Debts Transfer Agreement and the amended and restated articles of association of the Project Company
“Board”	the board of Directors
“Bridge Trust”	Bridge Trust Co., Ltd.* (百瑞信託有限責任公司), a company incorporated in the PRC with limited liability
“CCRE China”	Central China Real Estate Group (China) Company Limited* (建業住宅集團(中國)有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Central China Construction Materials”	Henan Central China Construction Materials Commerce and Trading Company Limited* (河南建業建材商貿有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Company”	Central China Real Estate Limited (建業地產股份有限公司*), an exempted company established under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Debts Disposal”	the disposal of the Target Debts by Central China Construction Materials (as the creditor) to Bridge Trust (as the transferee) under the Debts Transfer Agreement
“Debts Transfer Agreement”	the agreement on confirmation, transfer and restructuring of debts dated 24 May 2019 entered into among Central China Construction Materials, the Project Company and Bridge Trust in relation to, among other things, the Debts Disposal under the Arrangements on Disposal of Equity Interests and Debts
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Equity Disposal”	the disposal of the Target Equity Interests by Henan Longyu (as the seller) to Bridge Trust (as the purchaser) under the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 24 May 2019 entered into among Henan Longyu, Project Company and Bridge Trust in relation to, among other things, the Equity Disposal under the Arrangements on Disposal of Equity Interests and Debts
“Former Arrangements on Disposal of Equity Interests and Debts”	the arrangements among Henan Longyu, Smart Properties, Central China Construction Materials and Bridge Trust in relation to, among other things, the Former Equity Disposal and Former Debts Disposal under the Former Equity Transfer Agreement, Former Debts Transfer Agreement and other relevant ancillary agreements, which constituted a discloseable transaction of the Company, details of which are set out in the announcement of the Company dated 18 April 2019
“Former Debts Disposal”	the disposal of the Former Target Debts by Central China Construction Materials (as the creditor) to Bridge Trust (as the transferee) under the Former Debts Transfer Agreement
“Former Debts Transfer Agreement”	the agreement on confirmation, transfer and restructuring of debts dated 18 April 2019 entered into among Central China Construction Materials, Smart Properties and Bridge Trust in relation to, among other things, the Former Debts Disposal under the Former Arrangements on Disposal of Equity Interests and Debts
“Former Equity Disposal”	the disposal of the Former Target Equity Interests by Henan Longyu (as the seller) to Bridge Trust (as the purchaser) under the Former Equity Transfer Agreement
“Former Equity Transfer Agreement”	the equity transfer agreement dated 18 April 2019 entered into among Henan Longyu, Smart Properties and Bridge Trust in relation to, among other things, the Former Equity Disposal under the Former Arrangements on Disposal of Equity Interests and Debts

DEFINITIONS

“Former Target Debts”	the debts in an amount of RMB1,320,000,000 owned by Central China Construction Materials due from Smart Properties
“Former Target Equity Interests”	the 49% equity interests in Smart Properties
“Group”	the Company and its subsidiaries
“Henan Longyu”	Henan Longyu Real Estate Development Company Limited* (河南龍宇房地產開發有限公司), a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Group and the connected persons of the Company
“Jianye Hengxin”	Henan Central China Hengxin Property Company Limited* (河南建業恆新置業有限公司), a company incorporated under the laws of the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company following the Jianye Hengxin Acquisition
“Jianye Hengxin Acquisition”	the acquisition of 45.45% equity interests in Jianye Hengxin from Bridge Trust by CCRE China in accordance with the terms of an equity transfer agreement dated 29 January 2019 as detailed in the announcement of the Company dated the even date
“Joy Bright Investments”	Joy Bright Investments Limited, a company incorporated in the British Virgin Islands with limited liability and held as to 100% by Mr. Wu directly
“Latest Practicable Date”	8 July 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Mr. Wu”	Mr. Wu Po Sum, controlling Shareholder, through Joy Bright Investments Limited, holding 1,386,315,639 Shares (representing approximately 50.75% of the issued share capital of the Company as at the Latest Practicable Date)
“Percentage Ratio(s)”	the percentage ratio(s) as described under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Project Company”	Zhengzhou Jianze Property Company Limited* (鄭州建澤置業有限公司), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Smart Properties”	Zhengzhou Central China Smart Properties Co., Ltd.* (鄭州建業智慧置業有限公司), a company incorporated in the PRC with limited liability which became an entity under common control as jointly owned by Henan Longyu and Bridge Trust upon completion of the Former Equity Disposal
“s.qm.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Debts”	the debts in an amount of RMB800,000,000 owned by Central China Construction Materials due from the Project Company
“Target Equity Interests”	the 30% equity interests in the Project Company
“Target Land Parcel”	the land parcel project is located at No. 27 Beilong Lake, to the south of North Third Ring Road and to the east of Jiuru East Road, and covers an area of approximately 43,000 sq.m.
“%”	per cent

LETTER FROM THE BOARD



建業地產股份有限公司 *

Central China Real Estate Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0832)

Executive Directors:

Mr. Wu Po Sum (*Chairman*)
Mr. Liu Weixing
Mr. Wang Jun

Non-executive Directors:

Mr. Lucas Ignatius Loh Jen Yuh (*Vice-Chairman*)
Mr. Puah Tze Shyang
Ms. Wu Wallis (alias Li Hua)

Independent non-executive Directors:

Mr. Cheung Shek Lun
Mr. Xin Luo Lin
Dr. Sun Yuyang

Registered office:

Cricket Square Hutchins Drive
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Grand Cayman
KY1-1111
Cayman Islands

Place of business in Hong Kong:

Room 7701B-7702A, 77th Floor
International Commerce Centre
1 Austin Road West Kowloon
Hong Kong

8 July 2019

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
ARRANGEMENTS ON DISPOSAL OF
EQUITY INTERESTS AND DEBTS**

INTRODUCTION

Reference is made to the announcements of the Company dated 18 April 2019, 24 May 2019 and 27 May 2019 in relation to the Former Arrangements on Disposal of Equity Interests and Debts and the Arrangements on Disposal of Equity Interests and Debts.

LETTER FROM THE BOARD

On 24 May 2019, Henan Longyu, the Project Company, Central China Construction Materials and Bridge Trust entered into the Arrangements on Disposal of Equity Interests and Debts, pursuant to which, (i) Henan Longyu (as the seller) agreed to sell and Bridge Trust (as the purchaser) agreed to purchase the Target Equity Interests; and (ii) Central China Construction Materials (as the creditor) agreed to sell and Bridge Trust (as the transferee) agreed to purchase the Target Debts, at an aggregate consideration of RMB815,000,000.

The purpose of this circular is to give you further information on the Arrangements on Disposal of Equity Interests and Debts and other information as required under the Listing Rules.

(1) Equity Disposal – Equity Transfer Agreement

Date: 24 May 2019

Parties:

1. Henan Longyu;
2. Project Company; and
3. Bridge Trust.

To the best knowledge, information and belief of the Board and after making all reasonable enquiries, Bridge Trust and its ultimate beneficial owner are Independent Third Parties.

Subject matter: In accordance with the terms and conditions of the Equity Transfer Agreement, Henan Longyu agreed to sell and Bridge Trust agreed to purchase the Target Equity Interests, i.e. the 30% equity interests in the Project Company.

Consideration: The cash consideration of the Equity Disposal shall be RMB15,000,000, which was determined with reference to the corresponding paid-up capital contribution in respect of the Target Equity Interests in the amount of RMB15,000,000 (which is equivalent to the corresponding net asset value of the Target Equity Interest).

LETTER FROM THE BOARD

Henan Longyu and Project Company shall complete all relevant procedures in relation to the Equity Disposal including industrial and commercial registration of changes, change of directors and supervisors of the Project Company and amendments to the articles of association within 10 working days from the date of the Equity Transfer Agreement. The consideration of the Equity Disposal shall be settled in full by Bridge Trust upon completion.

Shareholding structure: Upon completion of the Equity Disposal, the shareholding structure of the Project Company shall be:

Shareholders	Amount of capital contribution subscribed for (RMB)	Paid-up capital contribution (RMB)	Shareholding ratio
Henan Longyu	35,000,000	35,000,000	70%
Bridge Trust	15,000,000	15,000,000	30%
Total	50,000,000	50,000,000	100%

Upon completion of the transaction, Henan Longyu and Bridge Trust will hold 70% and 30% equity interests in the Project Company, respectively. As set out in the paragraph headed “Management structure of the Project Company” below, after the completion of the Equity Disposal, as resolution of the board require unanimous consent, Henan Longyu will lose control over the board of directors of the Project Company. According to the applicable accounting standard, the Project Company will cease to be an indirect subsidiary of the Company and become a joint venture as jointly owned by Henan Longyu and Bridge Trust, and the financial results of the Project Company will no longer be consolidated into the Group’s financial results.

Profit sharing arrangement and financing commitment: The profit (or loss) of the Project Company will be shared by Henan Longyu and Bridge Trust in accordance with their respective shareholding ratios in the Project Company after the completion of the Equity Disposal. There is no future financing commitment on the Project Company by Henan Longyu and Bridge Trust under the Arrangement on Disposal of Equity Interests and Debts.

LETTER FROM THE BOARD

Management
structure of
the Project
Company:

Upon completion of the Equity Disposal, there will be the following changes in the management structure of the Project Company:

The Project Company will have a board of directors consisting of 3 members, of which 1 shall be appointed by Bridge Trust and 2 by Henan Longyu. The chairman of the board of directors will be the legal representative of the company. The Project Company will have no supervisory committee but will have 1 supervisor who shall be appointed by Bridge Trust. An operation management team will be assigned by Henan Longyu.

The functions and powers of the board of directors of the Project Company include but are not limited to:

- (1) Report of work at the shareholders' general meetings;
- (2) Execution of the resolutions of the shareholders' general meetings;
- (3) Consideration of the annual business plan and budget plan of the Project Company;
- (4) Preparation of the profit distribution plan, final accounts plan and loss coverage plan of the Project Company;
- (5) Drawing up the plans on increase or decrease in the registered capital of the Project Company;
- (6) Drawing up the plans on merger, division, change of company form, and dissolution of the Project Company;
- (7) Decision on the setting of the internal management organizations of the Project Company;
- (8) Appointment or dismissal of the general manager and chief financial officer of the Project Company and determination of the remuneration thereof; appointment or dismissal of other deputy general managers of the company according to the nomination by the general manager and determination of the remuneration thereof;

LETTER FROM THE BOARD

- (9) Formulation of the basic management systems of the Project Company;
- (10) Determination of the sales program for the target project (including sales price, sales plan, etc.);
- (11) Determination of the company's financial institution financing limits and scale and related issues relating to the company's borrowing from domestic and overseas financial institutions;
- (12) Reviewing and approving the company's asset mortgage, pledge and other forms of external guarantees, i.e. external guarantees provided by the company in its own name (except for the guarantees provided to the purchasers for their mortgage loans, on which the general manager is authorized to decide); and
- (13) Other functions and powers granted by the shareholders' general meeting of the Project Company.

The meeting of the board of directors of the Project Company shall be held with the attendance of all directors. The resolutions of the board of directors, shall be approved by unanimous consent of all directors.

The functions and powers of the shareholders' general meeting of the Project Company include:

- (1) Decision on the business policy and investment plan of the Project Company;
- (2) Consideration and approval of the annual financial budget and final accounts plans of the Project Company;
- (3) Consideration and approval of profit distribution plan and loss coverage plan of the Project Company;
- (4) Election and change of directors and supervisors who are not employee representatives and determination of the remuneration of relevant directors and supervisors;

LETTER FROM THE BOARD

- (5) Consideration and approval of the report of the board of directors;
- (6) Consideration and approval of the report of supervisor;
- (7) Consideration of and approval of resolutions on the increase or decrease in the registered capital of the Project Company;
- (8) Consideration of and approval of resolutions on the issuance of bonds by the Project Company;
- (9) Consideration of and approval of resolutions on the merger, division, change of organization form, dissolution, liquidation, etc. of the Project Company;
- (10) Formulation and amendments to the articles of association of the Project Company; and
- (11) Preparation and amendments to the articles of association of the Project Company.

All above relevant resolutions of the shareholders' general meeting of the Project Company shall come into effect when approved by the unanimous consent of all shareholders.

The above management structure of the Project Company and the arrangement that resolutions of the board and shareholders' general meetings both require unanimous consents were agreed by Henan Longyu and Bridge Trust through arm's length negotiations, with the aim that Bridge Trust's rights as a minority shareholder can reasonably be protected despite of its minority skate. In light of the such arrangement were agreed through arm's length negotiation concurrently with the Arrangement on Disposal of Equity Interests and Debts, the Directors are of the view that such arrangement is in the interests of the Company and the Shareholders as a whole.

The Project Company will upon completion of the Equity Disposal adopt an amended and restated articles of association to reflect such changes of management structures.

LETTER FROM THE BOARD

(2) Debts Disposal – Debts Transfer Agreement

Date:	24 May 2019
Parties:	<ol style="list-style-type: none">1. Henan Longyu;2. Project Company; and3. Bridge Trust.
Subject matter:	According to the terms and conditions of the Debts Transfer Agreement, Central China Construction Materials agreed to sell and Bridge Trust agreed to purchase the Target Debts, i.e. the debts of RMB800,000,000 due from the Project Company.
Consideration and payment method:	The consideration of the Debts Disposal shall be RMB800,000,000 which was determined with reference to the corresponding portion of the amount due from the Project Company to Central China Construction Materials as at 26 April 2019 (i.e. RMB800,000,000).

REASONS FOR AND BENEFITS OF ENTERING INTO THE ARRANGEMENTS ON DISPOSAL OF EQUITY INTERESTS AND DEBTS

The Target Land Parcel was acquired by the Group by way of public tender on 26 February 2019 at a consideration of RMB1,680,000,000. It has a site area of approximately 43,000 sq.m. with a mandatory detailed planned plot ratio of 1.7. It is planned to develop residential properties with approximately 72,000 sq.m. and related facilities with approximately 1,600 sq.m..

The Company's introduction of Bridge Trust and its funds by virtue of the Project Company's Target Land Parcel near Zhengdong New District, Zhengzhou City and the Project Company as the development entity of the Target Land Parcel can facilitate the development of the Target Land Parcel. Subject to the current development plan, it is anticipated that the development and construction of the Target Land Parcel may require financing or investment in the amount of up to RMB1.1 billion. To facilitate the same, it is the intentions of the parties that the Project Company shall seek for external sources of financing primarily and hence no fixed future financing commitment was given by either Henan Longyu or Bridge Trust. The Company considers that the introduction of Bridge Trust, a provider of trust related products and services in the PRC, will allow the Project Company easier access to additional streams of financing from either Bridge Trust, its funds or its other business partners or even link up potential investors. Instead of solely relying on the Group's contribution in the event that the Project Company is unable to raise sufficient funds at reasonable rate through the external market, the introduction of Bridge Trust will provide flexibility to the future development of Target Land Parcel.

LETTER FROM THE BOARD

The considerations for the Equity Disposal and Debts Disposal and the management structure of the Project Company were determined by the parties through arm's length negotiations with reference to the paid-up capital contribution of the Project Company and actual amount due to Central China Construction Materials after giving consideration to the future development potential and scale of the Target Land Parcel after balancing the necessity of fund. The proceeds from the Arrangement on Disposal of Equity Interests and Debts can be invested in other projects of the Group with no less future development potential than the Target Land Parcel and enable the Group to use its existing funds in a more efficient way to develop more projects with development potentials to create more profit for the Shareholders.

The Directors are of the view that the Arrangements on Disposal of Equity Interests and Debts are on normal commercial terms and the terms of the Arrangements on Disposal of Equity Interests and Debts are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES TO THE ARRANGEMENTS ON DISPOSAL OF EQUITY INTERESTS AND DEBTS

The Company is principally engaged in real estate development and sales in Henan Province, the PRC.

Henan Longyu is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in real estate development and sales and investment in real estate in Henan Province, the PRC.

Project Company is a company incorporated in the PRC with limited liability, and was an indirect wholly-owned subsidiary of the Company prior to the Equity Disposal. It is principally engaged in real estate development and operation as well as property tenancy in Henan Province, the PRC. The Project Company has not commenced operation as at the Latest Practicable Date.

The Project Company has not commenced operation as at the Latest Practicable Date. The unaudited net and total asset value of the Project Company as at 31 March 2019 were amounted to approximately RMB50,000,000 and RMB1,170,000,000 respectively. The unaudited net book value of the Target Land Parcel as at 31 March 2019 was RMB1,170,000,000. Following the full settlement of consideration of the Target Land Parcel by the Group in April 2019, the total asset value of the Project Company was then risen to RMB1,680,000,000. The Project Company has no outstanding operating and finance lease as at the Latest Practicable Date.

Central China Construction Materials is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in import and export of goods and technologies and business management consulting in Henan Province, the PRC.

LETTER FROM THE BOARD

Bridge Trust is a non-bank financial institute, and has obtained a license issued by China Banking Regulatory Commission (中國銀行業監督管理委員會) and is principally engaged in providing trust related products and services to customers.

FINANCIAL EFFECTS OF THE DISPOSAL TO THE GROUP

Upon completion, the Project Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group.

The consideration of the Equity Disposal is equivalent to the corresponding paid-up capital in respect of the Target Equity Interests and the consideration of the Debts Disposal is also equivalent to the amount of the corresponding debt. Accordingly, the Company expects that there will be no material gain or loss to be recognised in the Group's financial statements for the year ending 31 December 2019 in respect of the Equity Disposal and the Debts Disposal. Upon completion, it is estimated that the total assets of the Group would be decreased by approximately RMB1,680,000,000 and that the total liabilities of the Group would be decreased by approximately RMB1,680,000,000. In any event, the Board does not envisage that the Equity Disposal and the Debts Disposal will create any material adverse impact on the Group's financial position and earnings.

USE OF PROCEEDS

The Arrangements on Disposal of Equity Interest and Debts will enable the Group to realise cash. The net proceeds to be received from the Arrangements on Disposal of Equity Interest and Debts is approximately RMB814 million, net of the transaction costs, and will be applied towards the working capital requirements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As stated in the announcement of the Company dated 18 April 2019, Henan Longyu, Smart Properties, Central China Construction Materials and Bridge Trust entered into the Former Arrangements on Disposal of Equity Interests and Debts on the same day. Pursuant to Rule 14.22 of the Listing Rules, the Former Arrangements on Disposal of Equity Interests and Debts and the Arrangements on Disposal of Equity Interests and Debts were both entered into within the 12-month period and the transactions thereunder shall be aggregated.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Former Arrangements on Disposal of Equity Interests and Debts and the Arrangements on Disposal of Equity Interests and Debts, when aggregated, is above 25% but less than 75%, the Former Arrangements on Disposal of Equity Interests and the Arrangements on Disposal of Equity Interests and Debts constitute major transactions for the Company and are therefore subject to the notification, announcement, and the Arrangements on Disposal of Equity Interests and Debts is subject to the shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

As no Director is materially interested in the Arrangements on Disposal of Equity Interests and Debts, no Director is required to abstain from voting on the resolution of the Board with respect to the approval of the Arrangements on Disposal of Equity Interests and Debts. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has a material interest in the Arrangements on Disposal of Equity Interests and Debts. Accordingly, no Shareholders would be required to abstain from voting if the Company were to convene a general meeting for approving the Arrangements on Disposal of Equity Interests and Debts. Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting, shareholder's written approval has been obtained on the date of the Arrangements on Disposal of Equity Interests and Debts from Mr. Wu (the controlling Shareholder, through Joy Bright Investments holding 1,386,315,639 Shares (representing approximately 50.75% of the issued share capital of the Company) as at the date of the said Shareholder's written approval) and Joy Bright Investments approving the Arrangements on Disposal of Equity Interests and Debts. As such, the Company is not required to convene a extraordinary general meeting for this purpose.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Circular.

Yours faithfully,
By Order of the Board
Central China Real Estate Limited
Wu Po Sum
Chairman

1. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

Details of the consolidated financial information of the Group for the three financial years ended 31 December 2016, 2017 and 2018 are disclosed in the following documents:

the annual report of the Company for the year ended 31 December 2016, which can be accessed on the website of the Stock Exchange (<http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0412/LTN201704121230.pdf>);

the annual report of the Company for the year ended 31 December 2017, which can be accessed on the website of the Stock Exchange (<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0316/LTN201803161018.pdf>); and

the annual report of the Company for the year ended 31 December 2018, which can be accessed on the website of the Stock Exchange (<http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0412/LTN20190412011.pdf>).

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 April 2019, being the latest practicable date for the purpose of this indebtedness statement, the Group and Jianye Hengxin had the following borrowings:

	As at 30 April 2019 RMB'000
Bank loans and other loans	
– secured	10,049,320
– unsecured	<u>3,705,670</u>
Subtotal	13,754,990
Senior notes	13,201,553
Corporate bonds	288,382
Amounts due to joint ventures and associates	4,172,884
Lease liabilities	<u>366,618</u>
Total	<u><u>31,784,427</u></u>

The bank loans and other loans of RMB10,049,320,000 were secured or jointly secured by properties under development, completed properties held for sale and certain equity interest of the Company's subsidiaries and joint ventures.

The unsecured bank loans and other loans were guaranteed by the Group or were simply credit loans.

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and joint ventures' properties. Jinaye Hengxin provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of Jianye Hengxin's properties. However, the directors do not consider it probable that the Group and Jianye Hengxin will sustain a loss under these guarantees as the Group, Jianye Hengxin and the joint ventures have not applied for individual building ownership certificates for these buyers and can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group, Jianye Hengxin and joint ventures to the banks.

The Group provided guarantees to bank loans and other loans of joint ventures amounting to approximately RMB5,723,575,000. However, the directors do not consider it probable that claims will be made against the Group under these guarantees. The Group also provided guarantee to trust manager of a joint venture for expected minimum return as stipulated in the cooperation agreement. As at 30 April 2019, the Group extended the minimum return of RMB64,971,000 to the trust manager, which is receivable from the joint venture. The directors consider that the likelihood of default in payment and the financial guarantees measured at fair value are minimal.

Save as disclosed above and otherwise mentioned herein, and apart from intra-group liabilities, none of the members of the Group or Jianye Hengxin had, at the close of business on 30 April 2019, any outstanding mortgages, charges, debenture, loan capital issued and outstanding or agreed to be issued, bank loan and overdraft or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantee or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

The Directors confirmed that there was no material adverse changes in the financial or trading position or prospects of the Group since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group had been made up) up to the Latest Practicable Date.

4. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources presently available to the Group including the internally generated funds, the currently available facilities and the effects of the Arrangements on Disposal of Equity Interests and Debts and the Jianye Hengxin Acquisition, the Group has sufficient working capital for its normal business for at least the next twelve months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

The Company will strive to achieve “developing while transforming” and leverage the combined advantages brought by our brand reputation and unique business model, facilitate resources consolidation and innovate channels for land acquisition to further upgrade our products and service standards, maximise synergy of our “Jianye+” commercial ecosystem centred on the core property business, maintain our corporate culture underpinned by “honesty, responsibility, integrity and focus” so as to strive to achieve the management target of “consensus, co-creation, responsibility, win-win relations, sharing”.

In addition to speeding up the construction of standardised product systems, the Group will constantly make innovations in marketing, and build the fifth-generation products to improve the competitiveness of its products by integrating various resources. Cost management systems will be further improved to ensure that product cost is suitable for the market and improve the level of fine cost management. Meanwhile, the Group will optimise the structure of organisational management, strengthen the management and control of cost and efficiency, and improve management efficiency, thus reducing cost and improving efficiency. At the same time, the Company will promote the optimisation of investment structure, fully explore the value of existing business, improve the investment and operation and management systems of stock assets, advance the coordinated development of new and existing business, and accelerate the enhancement of its profitability, striving to maintain stable operation and long-term development.

In 2019, the Company will continue to make greater vigor in land acquisitions and land development as well as the profitability enhancement of key regions with an aim to achieve substantial growth in scale. Meanwhile, creative marketing ideas will be explored to maintain a satisfactory annual performance of the Company, laying the Company a concrete foundation for sustainable and stable development.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“Model Code”) to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the Shares:

Name of Director or chief executive	Capacity and nature of interest	Number of share options held	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital ⁴
Mr. Wu Po Sum	Interest in a controlled corporation	–	2,044,431,867 ^{1,5}	74.91%
	Beneficial owner	2,050,400 ²	–	0.08%
Mr. Wang Jun	Beneficial owner	27,000,000 ²	–	0.99%
Mr. Liu Weixing	Beneficial owner	20,000,000 ²	1,000,000	0.73%
Ms. Wu Wallis (alias Li Hua) ³	Interest of spouse	8,500,000 ²	–	0.31%
Mr. Yuan Xujun	Beneficial owner	20,000,000 ²	–	0.73%

*(b) Long positions in the Debentures:***US\$200,000,000 aggregate principal amount 8.0% Senior Notes due 2020 issued in 2013 (the “2013 US\$200 Million Senior Notes”)**

Name	Capacity	Amount of Debentures held	Approximate percentage of the interest in the 2013 US\$200 Million Senior Notes⁶
Mr. Lucas Ignatius Loh Jen Yuh	Beneficial owner	US\$500,000	0.25%

Notes:

1. The 2,044,431,867 Shares were registered in the name and were beneficially owned by Joy Bright Investments a company wholly owned by Mr. Wu Po Sum. Accordingly, he is deemed to be interested in the 2,044,431,867 Shares by virtue of the SFO.
2. Such interest in the Shares is held pursuant to the share options granted under the share option scheme of the Company.
3. The 8,500,000 share options are beneficially owned by the spouse of Ms. Wu Wallis (alias Li Hua), therefore Ms. Wu Wallis (alias Li Hua) is deemed to be interested in her spouse's share options for the purposes of the SFO.
4. The approximate percentage of the interest in the Company's issued share capital is based on a total of 2,731,762,560 Shares of the Company in issue as at the Latest Practicable Date.
5. CapitaLand (Cayman) entered into a share purchase agreement with Joy Bright Investments on 29 June 2019, pursuant to which Joy Bright Investments agreed to purchase and CapitaLand (Cayman) agreed to dispose of 658,116,228 Shares held by CapitaLand (Cayman). Upon completion of the said transaction, Joy Bright Investments will hold 2,044,431,867 Shares, and CapitaLand (Cayman) will not hold any Share.
6. The percentage of the interest in the 2013 US\$200 Million Senior Notes is based on the aggregate principal amount of US\$200,000,000.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests

As at the Latest Practicable Date and to the best knowledge of the Directors and the chief executive of the Company, persons having interests and short positions in 5% or more in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, and required to be recorded in the register of interests and short positions required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long positions in the Shares:

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital ¹
Joy Bright Investments	Beneficial owner	2,044,431,867 ^{2,4}	74.84%
CapitaLand LF (Cayman) Holdings Co., Ltd ("CapitaLand (Cayman)")	Beneficial owner	658,116,228 ^{3,4}	24.10%
CapitaLand China Holdings Pte Ltd ("CapitaLand China")	Interest in a controlled corporation	658,116,228 ^{3,4}	24.10%
CapitaLand China Investments Limited ("CapitaLand China Investments")	Interest in a controlled Corporation	658,116,228 ^{3,4}	24.10%
CapitaLand Limited ("CapitaLand")	Interest in a controlled corporation	658,116,228 ^{3,4}	24.10%
Temasek Holdings (Private) Limited ("Temasek Holdings")	Interest in a controlled corporation	658,116,228 ^{3,4}	24.10%

Notes:

1. The percentage of the interest in the Company's issued share capital is based on a total of 2,731,762,560 Shares in issue as at the Latest Practicable Date.
2. Mr. Wu Po Sum holds 100% of the issued share capital of Joy Bright Investments and is deemed to be interested in the 2,044,431,867 Shares held by Joy Bright Investments for the purposes of the SFO.
3. CapitaLand (Cayman) is directly wholly owned by CapitaLand China. CapitaLand China is directly wholly owned by CapitaLand China Investments and CapitaLand China Investments is directly wholly owned by CapitaLand. Temasek Holdings has an interest in approximately 40.011% of the issued share capital of CapitaLand. Therefore, each of CapitaLand China, CapitaLand China Investments, CapitaLand and Temasek Holdings is deemed or taken to be interested in the 658,116,228 Shares which are owned by CapitaLand (Cayman) for the purposes of the SFO.
4. CapitaLand (Cayman) entered into a share purchase agreement with Joy Bright Investments on 29 June 2019, pursuant to which Joy Bright Investments agreed to purchase and CapitaLand (Cayman) agreed to dispose of 658,116,228 Shares held by CapitaLand (Cayman). Upon completion of the said transaction, Joy Bright Investments will hold 2,044,431,867 Shares, and CapitaLand (Cayman) will not hold any Share.

Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group as a whole.

Interests in assets

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2018, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Service contracts

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

Interests in other competing business

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors nor their respective associates had any interests in other business, which competes or may compete, either directly or indirectly, with the business of the Group.

3. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

4. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

1. On 3 August 2017, CCRE China entered into a JV agreement with other JV partners in relation to the establishment of a joint venture. Please refer to the announcement of the Company dated 3 August 2017 for details.
2. On 23 August 2017, CCRE China as guarantor and Henan Zhiteng Business Service Company Limited (“Henan Zhiteng”) as purchaser entered into an equity transfer agreement with Lu Yubo and Wu Yunhua together as vendors, pursuant to which Henan Zhiteng agreed to acquire 100% of equity interest in a group of companies from the vendors. Please refer to the announcement of the Company dated 23 August 2017 for details.
3. On 12 December 2017, CCRE China entered into a shareholder’s loan agreement with Zhengzhou Jinrongdao Construction and Development Co., Ltd (“Zhengzhou Jinrongdao”), pursuant to which CCRE China shall provide Zhengzhou Jinrongdao with a shareholder’s loan. Zhengzhou Jinrongdao is an associate company of the Company. Please refer to the announcement of the Company dated 12 December 2017 for details.
4. On 28 December 2017, CCRE China entered into a guarantee agreement with Bridge Trust Co., Ltd. (“Bridge Trust”), pursuant to which CCRE China agreed to provide a guarantee in favour of Bridge Trust for the repayment obligations of Henan Longyu Real Estate Development Company Limited (“Henan Longyu”) in respect of a loan borrowed from Bridge Trust under a loan agreement. Please refer to the announcement of the Company dated 28 December 2017 for details.
5. On 29 December 2017, CCRE China entered into a guarantee agreement with Bridge Trust, pursuant to which CCRE China agreed to provide a guarantee in favour of Bridge Trust for the repayment obligations of Zhengzhou Central China Tianming Property Company Limited (“CCRE Tianming”) in respect of a loan borrowed from Bridge Trust under a loan agreement. Please refer to the announcement of the Company dated 29 December 2017 for details.

6. On 26 March 2018, the Company and Joy Bright Investments Limited (“Joy Bright Investment”) entered into a subscription agreement, pursuant to which the Company conditionally agreed to allot and issue, and Joy Bright Investment conditionally agreed to subscribe for the Shares. Please refer to the announcements of the Company dated 27 March 2018, 30 May 2018 and 5 June 2018, and the circular of the Company dated 10 May 2018 for details.
7. On 4 April 2018, CCRE China and Shanghai Zhicheng Investment Centre (“Shanghai Zhicheng”) entered into an acquisition agreement, pursuant to which, CCRE China agreed to acquire 33.34% equity interests in CCRE Tianming from Shanghai Zhicheng. Please refer to the announcement of the Company dated 4 April 2018 for details.
8. On 18 May 2018, CCRE China entered into a guarantee agreement with Ping An Bank Co., Ltd. (“Ping An Bank”), pursuant to which CCRE China agreed to provide a guarantee in favour of Ping An Bank for the repayment obligations of Zhengzhou Central China Tihome Real Estate Limited (“CCRE Tihome”) in respect of a loan granted by Ping An Bank. Please refer to the announcement of the Company dated 18 May 2018 for details.
9. On 4 July 2018, (i) Henan Zhiteng entered into a pledge agreement with Zhengzhou Longxi Sub-branch of Ping An Trust Co., Ltd. (“Ping An Trust”), (ii) Henan CCRE Huayi Brothers Culture Tourism Industry Company Limited (“Central China Huayi”) entered into a mortgage agreement with Ping An Trust, (iii) CCRE China entered into a guarantee agreement with Ping An Trust, and Central China Hengxin Property Company Limited (“Central China Hengxin”) entered into a trust loan agreement with Ping An Trust, pursuant to which Henan Zhiteng agreed to provide a pledge in favor of Ping An Trust, Central China Huayi agreed to provide a pledge in favor of Ping An Trust, CCRE China agreed to provide a guarantee in favor of Ping An Trust for the repayment obligations of Central China Hengxin under a trust loan granted by Ping An Trust. Please refer to the announcement of the Company dated 4 July 2018 for details.
10. On 24 September 2018, Joy Ascend Holdings Limited (“Joy Ascend Holdings”) and Joy Bright Investments entered into an equity transfer agreement, pursuant to which Joy Ascend Holdings agreed to acquire the 100% equity interest in a company. Please refer to the announcement of the Company dated 24 September 2018 and the circular of the Company dated 15 January 2019 for details.
11. On 14 December 2018, Joy Ascend Holdings and Joy Bright Investments entered into an equity transfer agreement, pursuant to which Joy Ascend Holdings has agreed to acquire the 100% equity interest in a company. Please refer to the announcement of the Company dated 14 December 2018 for details.

12. On 29 January 2019, CCRE China and Bridge Trust entered into an acquisition agreement, pursuant to which, CCRE China agreed to acquire 45.45% equity interests in CCRE Hengxin from Bridge Trust. Please refer to the announcement of the Company dated 29 January 2019 for details.
13. On 18 April 2019, Henan Longyu, Zhengzhou Central China Smart Properties Co., Ltd., Henan Central China Construction Materials Commerce and Trading Company Limited and Bridge Trust entered into an arrangements on disposal of equity interests and debts. Please refer to the announcement of the Company dated 18 April 2019 for details.
14. On 3 May 2019, United China Management Limited (“United China Management”), and Southern Lake Investments Limited entered into an equity transfer agreement, pursuant to which United China Management agreed to acquire the 10% equity interest in a company. Please refer to the announcement of the Company dated 3 May 2019 for details.
15. On 24 May 2019, Henan Longyu, Henan Central China Construction Materials Commerce and Trading Company Limited (“Central China Construction Materials”) and Bridge Trust and among others entered into an arrangements on disposal of equity interests and debts, pursuant to which, (i) Henan Longyu (as the seller) agreed to sell and Bridge Trust (as the purchaser) agreed to purchase the 30% equity interests of a company; and (ii) Central China Construction Materials (as the creditor) agreed to sell and Bridge Trust (as the transferee) agreed to purchase a debt. Please refer to the announcement of the Company dated 24 May 2019 for details.
16. On 24 June 2019, CCRE China and Beijing Uni-Construction Real Estate Development Co., Ltd. (“Beijing Uni-Construction”) entered into an equity transfer agreement, pursuant to which CCRE China agreed to acquire 60% equity interests in a company from Beijing Uni-Construction. Please refer to the announcement of the Company dated 24 June 2019 for details.

5. EXPERT AND CONSENT

Savills Valuation and Professional Services Limited, as an independent professional valuer has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its statements and/or references to its name in the form and context in which it appears. It has further confirmed that as at the Latest Practicable Date, it was not interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. It is not interested in any assets which have been, since 31 December 2018 (being the date to which the Company’s latest audited financial statements were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. GENERAL

- (a) The secretary of the Company is Mr. Yeung Wai Leung who is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is situated at Room 7701B-7702A, 77th Floor International Commerce Centre 1 Austin Road West Kowloon, Hong Kong.
- (c) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) In the event of any inconsistency, the English text of this circular shall prevail over its Chinese text.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Room 7701B-7702A, 77th Floor International Commerce Centre 1 Austin Road West Kowloon, Hong Kong during normal business hours (Saturdays and public holidays excepted) up to and including the date which is 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the three years ended 31 December 2016, 2017 and 2018;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (d) the circular of the Company dated 19 January 2019 and this circular; and
- (e) the valuation report in appendix III of this circular.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their opinion of value of the Property held by the Project Company as at 30 April 2019.



Savills Valuation and
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savills.com

The Directors
Central China Real Estate Limited
Rooms 7701B-7702A on 77th Floor
International Commerce Centre
No. 1 Austin Road West
Kowloon
Hong Kong

8 July 2019

Dear Sirs,

RE: A PARCEL OF LAND (LAND LOT NO. ZHENG ZHENG DONG CHU <2018> 27 (WANG)) LOCATED AT SOUTH OF NORTH THIRD RING ROAD AND EAST OF JIURU ROAD, ZHENGDONG NEW DISTRICT, ZHENGZHOU, HENAN PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")

INSTRUCTIONS

In accordance with the instructions from Central China Real Estate Limited (the "Company") for us to value the Property held by Zhengzhou Jianze Company Limited (鄭州建澤置業有限公司)(the "Project Company") and situated in the People's Republic of China (the "PRC") on a 100% interest basis, we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the market value of the Property as at 30 April 2019 (the "Valuation Date") for inclusion in a circular.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

Moreover, market value is understood as the value of an asset or liability estimated without regarding to the costs of sale and purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2017 of the Hong Kong Institute of Surveyors (“HKIS”), which incorporates the International Valuation Standards (“IVS”), and (where applicable) the relevant HKIS or jurisdictional supplement.

IDENTIFICATION AND STATUS OF THE VALUER

The subject valuation exercise is handled by Mr. Anthony C.K. Lau who is the Director of Savills Valuation and Professional Services Limited (“SVPSL”) and a Member of the HKIS with over 26 years’ experience in valuation of properties in the PRC and have sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation exercise in respect of the Property, SVPSL had not been involved in valuation of the Property in the last 12 months.

We are independent of the Company and the Project Company. We are not aware of any instances which would give rise to potential conflict of interest from SVPSL or Mr. Anthony C.K. Lau in the subject exercise. We confirm SVPSL and Mr. Anthony C.K. Lau are in the position to provide objective and unbiased valuation for the Property.

VALUATION METHODOLOGY

The Property is held by the Project Company for future development. In undertaking our valuation, we have adopted the direct comparison approach by making reference to sales of comparable properties as available in the market.

For the purpose of this valuation, property held for future development is that Construction Works Commencement Permit is not issued while Realty Title Certificate has been obtained.

TITLE INVESTIGATION

We have been provided with copies of extracts of title documents relating to the Property. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied to a very considerable extent on information given by the Company and the legal opinion issued by the PRC's legal adviser to the Company, Commerce & Finance Law Offices, regarding the title to the Property in the PRC.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We have also advised by the Company that no material facts have been omitted from the information supplied.

VALUATION ASSUMPTIONS

In the course of our valuation, unless otherwise stated, we have assumed that transferable land use rights in respect of the Property for its specific term at nominal annual land use fee have been granted and that any premium payable has been fully paid. We have also assumed that the owner of the Property has a good legal title to the Property and has free and uninterrupted rights to occupy, use, transfer, lease or mortgage the Property for the whole of the unexpired term as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which can be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoing of an onerous nature which could affect its value.

SITE INSPECTION

We have inspected the Property. Site inspection was carried out on 24 June 2019 by our Mr. Tom Chow, who is a China Registered Real Estate Appraiser and China Registered Land Valuer and has over 15 years' experience in valuation of properties in the PRC. During the course of our inspection, we did not note any serious defects. Moreover, no structural survey has been made and we are therefore unable to report that the Property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi ("RMB").

We enclose herewith our valuation report.

Yours faithfully,

For and on behalf of

Savills Valuation and Professional Services Limited

Anthony C.K. Lau

MRICS MHKIS RPS(GP)

Director

Note: Mr. Anthony C.K. Lau is a professional surveyor who has over 26 years' experience in valuation of properties in the PRC.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2019
A parcel of land (Land Lot No. Zheng Zheng Dong Chu <2018> 27 (Wang)) at south of North Third Ring Road and east of Jiuru Road, Zhengdong New District, Zhengzhou, Henan Province, PRC	<p>The Property comprises a parcel of land with a site area of approximately 43,232.88 sq.m.</p> <p>The Property is located at south of North Third Ring Road and east of Jiuru Road, Zhengdong New District. Developments in the vicinity are dominated by various high end residential developments and public facilities. It takes about a 15-minute drive to the downtown of Zhengzhou.</p> <p>According to the State-owned Land Use Rights Grant Contract, the permissible gross floor area of the Property is approximately 73,495.896 sq.m.</p> <p>The land use rights of the Property have been granted for a term expiring on 16 April 2089 for residential use.</p>	As at the Valuation Date, the Property was vacant pending for future development.	RMB1,680,000,000 (Renminbi One Billion Six Hundred and Eighty Million)

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract – No. -Zheng Guo Tu Zi Chu Rang – ZD-2019403 dated 18 March 2019 (“Land Grant Contract”) and Variation Agreement to the Land Grant Contract dated 10 April 2019, the land use rights of the Property with a site area of approximately 43,232.88 sq.m. have been granted to the Project Company for a term of 70 years for residential use at a land grant fee of RMB1,680,000,000. The said Land Grant Contract contains, inter-alia, the salient conditions as follows:

Usage	:	Residential
Plot ratio	:	Less than 1.7 and more than 1.0
Building density	:	Less than 28%
Greenery ratio	:	More than 35%
Building covenant	:	Construction works are required to be commenced by 18 March 2020 and to be completed by 18 March 2022

2. Pursuant to the Realty Title Certificate – Yu (2019) Zhengzhou Shi Bu Dong Chan Quan Di No. 0192482 dated 30 May 2019, the land use rights of the Property with a site area of approximately 43,232.88 sq.m. have been granted to the Project Company for a term expiring on 16 April 2089 for residential use.
3. Pursuant to the Construction Land Planning Permit – Di Zheng Gui Di Zi No. 410100201939015 issued by the Zhengzhou Urban and Rural Planning Bureau Zhengdong New District Sub-branch (鄭州市城鄉規劃局鄭東新區規劃分局) dated 19 April 2019, the Project Company was permitted to use a parcel of land with a site area of approximately 43,232.88 sq.m. for residential (R2) development.
4. We have been provided with a legal opinion on the title to the Property issued by the Company's PRC legal adviser, which contains, *inter alia*, the following information:
 - i. the Project Company has obtained the Realty Title Certificate;
 - ii. the Project Company has obtained the land use rights of the Property and is the sole legal owner of the Property;
 - iii. the Project Company has the rights to occupy, use, lease, transfer, mortgage or by other legal means to dispose of the land use rights of the Property within the land use terms; and
 - iv. the Property is free from any seizures, mortgages, other limitation or other third party rights.
5. In undertaking our valuation of the Property, we have made reference to various land transactions which have characteristics comparable to the Property. The accommodation values of the land transactions are in a range between RMB22,000 to RMB24,000 per sq.m. Due adjustments to the unit rates of these transactions have been made to reflect factors such as accessibility, location, usage, size and time in arriving at the key assumptions.

In our valuation, we have adopted an accommodation value of about RMB22,858 per sq.m., which is consistent with the relevant comparables.

* * * *